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HOUSE BILL 1520

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State of Washington

65th Legislature

2017 Regular Session

By Representatives Tharinger, Short, Cody, Schmick, and Springer

Read first time 01/23/17. Referred to Committee on Health Care & Wellness.

1 AN ACT Relating to allowing alternative payment methodologies for  
2 critical access hospitals participating in the Washington rural  
3 health access preservation pilot; and amending RCW 74.09.5225.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 74.09.5225 and 2016 sp.s. c 31 s 2 are each amended  
6 to read as follows:

7 (1) Payments for recipients eligible for medical assistance  
8 programs under this chapter for services provided by hospitals,  
9 regardless of the beneficiary's managed care enrollment status, shall  
10 be made based on allowable costs incurred during the year, when  
11 services are provided by a rural hospital certified by the centers  
12 for medicare and medicaid services as a critical access hospital,  
13 unless the critical access hospital is participating in the  
14 Washington rural health access preservation pilot described in  
15 subsection (2)(b) of this section. Any additional payments made by  
16 the authority for the healthy options program shall be no more than  
17 the additional amounts per service paid under this section for other  
18 medical assistance programs.

19 (2)(a) Beginning on July 24, 2005, except as provided in (b) of  
20 this subsection, a moratorium shall be placed on additional hospital  
21 participation in critical access hospital payments under this

1 section. However, rural hospitals that applied for certification to  
2 the centers for medicare and medicaid services prior to January 1,  
3 2005, but have not yet completed the process or have not yet been  
4 approved for certification, remain eligible for medical assistance  
5 payments under this section.

6 (b)(i) For the purposes of state law, any rural hospital approved  
7 by the department of health for participation in critical access  
8 hospital payments under this section that participates in the  
9 Washington rural health access preservation pilot identified by the  
10 state office of rural health and ceases to participate in critical  
11 access hospital payments may renew participation in critical access  
12 hospital associated payment methodologies under this section at any  
13 time.

14 (ii) The Washington rural health access preservation pilot is  
15 subject to the following requirements:

16 (A) In the pilot formation or development, the department of  
17 health, health care authority, and Washington state hospital  
18 association will identify goals for the pilot project before any  
19 hospital joins the pilot project;

20 (B) Participation in the pilot is optional and no hospital may be  
21 required to join the pilot;

22 (C) Before a hospital enters the pilot program, the health care  
23 authority must provide information to the hospital regarding how the  
24 hospital could end its participation in the pilot if the pilot is not  
25 working in its community; (~~and~~)

26 (D) Payments for services delivered by public health care service  
27 districts participating in the Washington rural health access  
28 preservation pilot to recipients eligible for medical assistance  
29 programs under this chapter must be based on an alternative, value-  
30 based payment methodology established by the authority. The payment  
31 methodology must provide sufficient funding to sustain essential  
32 services in the areas served, including but not limited to emergency  
33 and primary care services. The methodology must adjust payment  
34 amounts based on measures of quality and value, rather than volume.  
35 As part of the pilot, the health care authority shall encourage  
36 additional payers to use the adopted payment methodology for services  
37 delivered by the pilot participants to individuals insured by those  
38 payers; and

39 (E) The department of health, health care authority, and  
40 Washington state hospital association will report interim progress to

1 the legislature no later than December 1, 2018, and will report on  
2 the results of the pilot no later than six months following the  
3 conclusion of the pilot. The reports will describe any policy changes  
4 identified during the course of the pilot that would support small  
5 critical access hospitals.

6 (3)(a) Beginning January 1, 2015, payments for recipients  
7 eligible for medical assistance programs under this chapter for  
8 services provided by a hospital, regardless of the beneficiary's  
9 managed care enrollment status, shall be increased to one hundred  
10 twenty-five percent of the hospital's fee-for-service rates, when  
11 services are provided by a rural hospital that:

12 (i) Was certified by the centers for medicare and medicaid  
13 services as a sole community hospital as of January 1, 2013;

14 (ii) Had a level III adult trauma service designation from the  
15 department of health as of January 1, 2014;

16 (iii) Had less than one hundred fifty acute care licensed beds in  
17 fiscal year 2011; and

18 (iv) Is owned and operated by the state or a political  
19 subdivision.

20 (b) The enhanced payment rates under this subsection shall be  
21 considered the hospital's medicaid payment rate for purposes of any  
22 other state or private programs that pay hospitals according to  
23 medicaid payment rates.

24 (c) Hospitals participating in the certified public expenditures  
25 program may not receive the increased reimbursement rates provided in  
26 this subsection (3) for inpatient services.

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